

## **FLORENCE TOWNSHIP COUNCIL SPECIAL BUDGET SESSION**

**WEDNESDAY, February 15, 2017**

**6:30 PM**

### Call to Order

The meeting was called to order by Council President, Ted Lovenduski.

### Flag Salute

### Sunshine Statement

Notice of this meeting has been given in accordance with the Open Public Meetings Act. Notice was published in the Burlington County Times on Sunday, February 12, 2017. Notice was posted on the Municipal Bulletin board on February 6, 2017, given to the Trenton Times for information on February 6, 2017 and placed on the web-site February 10, 2017.

### Roll Call

Frank Baldorossi, Paul Ostrander; Jerry Sandusky, David Woolston, Ted Lovenduski

Mayor Craig Wilkie; Richard Brook, Township Administrator;  
Thomas Sahol, Assistant Municipal Administrator; Kelly Grant, Esq.,  
Township Solicitor; Nancy L. Erlston, Acting Township Clerk

Open to the Public (15 minutes): No public comments. Closed to public comments.

### Review 2017 Municipal Budget

Mayor Wilkie said Council received their budget books and a memo from him that outlined much of the information. Administrator Brook prepared most of it. Mayor Wilke explained there would be a closed session at 7:30pm to discuss personnel. He requested if there were any questions regarding that, they be saved for then. Personnel cannot be discussed in open session.

He said general staffing could be discussed. There has been a good deal of consolidation in the administrative offices since 2012. Most of the offices have been reduced. The Police Department has been reorganized. There is a budget request for the hiring of three officers. There will be some who are going to be leaving. The Township has been trying to hire new staff for the Public Works and Water & Sewer Departments. Some people have left. There also will most likely be some retirements coming up.

The budget is balanced and the tax rate has remained the same, like it has since 2012. The reason is because of the PILOT programs. The Township has been able to put a solid financial foundation in place and continue it. There is a sound budget. There is a two percent cap in the budget. The Township has not gone to that point since 2012.

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Administrator Brook explained there is a Tax Cap Levy, which is how much money can be physically raised by taxes, and there is an Appropriations Cap. The Township is well within it and that is a good sign. When the Township prepares a budget it is looking ahead to 2018 and even 2019. When it comes to Debt Service the Township looks ahead to the next ten to twenty years.

He reviewed the surplus in Water & Sewer going back to 2010. Surplus is something that is built and developed. He reviewed some sources of revenue for the Water & Sewer Department. There is a good amount of surplus going into 2016. The reason for building the surplus is the Debt Service. The sewer plant will need to be expanded and that expansion is going to be costly. Once the Debt Service begins to hit and the Township looks for permanent bonding this year and next year, the bonding companies will look at surplus. They look for stability.

The Utility account from 2012 through 2016 shows significant stability. The Debt Service can be phased in without it having a negative impact.

He turned his attention to the Capital Improvement Fund. Whenever the Township borrows money or does a bond ordinance it is required to put five percent down. In the utility that is not required but over the past couple of years it seemed like a wise move to put more money into the Capital Improvement Fund so wherever possible the Township could put five percent down when doing Capital Improvement projects.

The Township tracks the amount of water that is pumped every year. This will be the year there is a full analysis with Alaimo Engineers. They will also look at the Township's sewer capacity and water allocation. If the Township gets too close to its permanent limits it would have to get permission for expansion from the DEP. That could take over a year. The report will be provided when it is done.

Administrator Brook said the Township is always looking into the future. It is easy for a municipality to just borrow money. The key is that when the money is paid back it shouldn't affect the tax payers. The utility is phenomenal and shows how well everyone worked together over the years. He reviewed the debt service for 2017 and 2018. He noted it drops off in 2019. This is why it was so important to plan out the sewer expansion now. Keeping debt service stable is a service to the community.

The Township has reached a point where it is able to purchase vehicles on a cash basis. The overall condition of the equipment is pretty good. There are some things that will be needed but they can wait a year or two.

He reviewed the Water & Sewer budget and the revenue sheet the Township is using to operate this year. There is a little bit more surplus anticipated. The rates are conservative and are in line. The purpose is to make sure the surplus is stabilized and increased for next year.

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The Township tracks some of the highest water users, both from a water and from a rent standpoint. Garelick Farms is about ten percent of the Water & Sewer revenue. Ready Pac is almost twenty seven percent. Ready Pac's contracts have increased. They added one hundred permanent employees bringing them to over six hundred employees. This helps the Township keep its rates stable. These two users are almost forty percent of the revenue stream.

He noted a chart that compared Florence's water rates with those in other Burlington County municipalities. Florence's rates are one of the lowest on the chart. This is a positive for the residents of the community.

It is important for the Township to track the rents and the percentage of collection. The Township cannot collect more than what was received. Most of whatever was not collected will be paid for at the Tax Sale but it still needs to be taken into account for budget purposes.

He directed attention to a pie chart that shows where the expenditures are. The information is tracked every year to get an idea of where funds are used.

Administrator Brook reviewed an overview of salaries and wages, operating expenses, health insurance costs, capital improvement funds and capital outlay.

He reviewed the Debt Service of the utility. The bond principal has gone down. The interest on bonds also decreased. That is because the Debt Service is continuing to decrease. The utility is a little different in that whenever money is borrowed for the utility the Township Auditor has to calculate the amount of interest that would be incurred in the year the note is done.

Administrator Brook discussed salary, wages, pensions and debt service. He said there are things the utility does every day. For example the employees are helping the Fire Department with the installation of a new hydrant. There is always work being done to improve the system. A report provided by the Director of Water & Sewer explained how the utility operates. It discussed the importance of continuing to work with the manpower and reviewed the staffing that is required. There were staffing recommendations included and the Township is trying to take the utility to a whole new level. The Director has stressed he would like to do more inspections of the sewer mains and be more proactive wherever possible. He would also like for more work to be done in-house.

The department is working on the redevelopment of the public wells. Wells 3 and 4 were recently done. The goal this year is to redevelop Well 5. Well 6 will be done last. It is the workhorse. It functions extremely well and the Township wants to be cautious when that well is done because there are a lot water users and it needs to balance out with what is taking place in the water towers.

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The Township will be going out to bid soon for upgrades to the Wallace Avenue Pump Station. It is also moving forward with upgrading the water plant. Hopefully in the next sixty days the first phase will be out to bid. Once the numbers are confirmed the Township can begin working on the second phase.

The Director of Water & Sewer always likes to be sure the utility is well prepared in case of an emergency. There is no way to tell how long power is out when there is an outage. He is working on getting a portable generator. There is also a hydrant replacement program. The department has identified at least ten hydrants that should be replaced. They have begun to order the parts so they can have those replaced this year. That is part of the infrastructure of the utility.

Water Tower 2, located on Florence-Columbus Road, is due for an inspection of the interior. Director Lebak believes it is starting to peel. It will need to be inspected and if needed repainted, before there is a problem. He reviewed other projects that the department would like to complete this year.

From a financial standpoint, the utility is in excellent condition. It is managed and overseen extremely well.

Mayor Wilkie said there is a budget overview. He noted the Local Purpose Tax. The rate has remained the same. The collection percentage is very important. Over the past four years it has been very good. In New Jersey the municipality collects the taxes for the County, the School District, the Fire District and the State. If someone doesn't pay, the Township is responsible for it.

Administrator Brook said the Township always talks about surplus because that is what helps to keep stability. He reviewed the amount from last year this year. There is more going into this year then there was going into last year. It is at a good level and will continue to increase.

There is an appropriation cap. He reviewed what was proposed and noted it was below the cap. Mayor Wilkie referred everyone to a pie chart. It outlined where the funds are spent. It shows a majority of the funds go to the Police Department. He reviewed other areas where funds are distributed. Administrator Brook noted that the debt service has gone down. Mayor Wilkie reviewed areas where there were increases.

Administrator Brook explained the Township would like to begin scanning documents. He would like to start with the Construction & Code Office because they are inundated with OPRA Requests. There is a company that works extremely well and has a good reputation with other municipalities. It would be paid with cash and it would be the most expensive project to take on. If it went well Land Use would be next. That would probably be done through a bond.

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Administrator Brook said there would also be a Road Program that would be about \$2 million. That is a sizeable amount.

Mayor Wilkie reviewed the Tax Cap calculations. Administrator Brook said the goal of the budget is to create financial stability. Mayor Wilkie said the rateables are going up slightly this year. The Township did lose \$2 million in rateables because it can't tax Verizon for lines because there are less than fifty percent of landlines. Mayor Wilkie said rateables are what drive the tax rate. There was an increase this year for the first time since 2014. There was discussion regarding tax appeals and the negative affect they can have on the Township.

Mayor Wilkie reviewed the COAH funds from the PILOT programs and how they contribute to the Township. He noted that the anticipated funds cannot be put into the surplus but the payments that are not considered anticipated would add to the surplus. By not anticipating it the Township is being conservative.

Mayor Wilkie said the Township has gotten through the worst part of its debt service. He said the Construction & Code Office was examined. The State keeps a close eye on what happens there. There have been many major projects over the past five years. There probably won't be much more. The numbers in that office will be dropping. The Township needs to keep an eye on where the revenues are. The services still need to be provided.

Administrator Brook said the State wants to make sure that the Township keeps Council apprised of the surplus. He reviewed the Township's surplus and how it is developed. He explained how it is used in the budget. The township has a strong surplus number going into 2017.

Administrator Brook reviewed various projects the Township would like to complete this year. He discussed general personnel levels in various departments. Staffing is remaining stable. Services will continue where they are and eventually increase. Overall from a financial standpoint this is an extremely sound budget. Looking ahead to 2018, there is still financial stability, in case there is an unforeseen situation that arises.

Public Comments: No public comments. Closed to public comments.

#### Adjournment

Motion made at 7:39 PM by Frank Baldorossi; seconded by Paul Ostrander to adjourn the Special Budget Session. Roll call vote – all ayes.

Respectfully submitted,

Nancy L. Erlston  
Acting Township Clerk  
/aek